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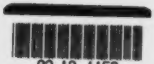

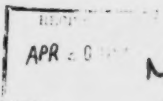

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992

Commission File No. 0-19494

PAGING NETWORK, INC.

(Exact name of registrant as specified in cha

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APR 22 1992

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Q-Data Corp. - St. Petersburg, FL

Delaware	04-2740516
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

4965 Preston Park Boulevard, Suite 500
Plano, Texas 75093
(Address of principal executive offices)

(214) 985-4100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title	Shares Outstanding as of April 17, 1992
Common Stock, $.01 par value	33,489,747

The Company's Common Stock is publicly traded under the symbol "PAGE" through the National Association of Securities Dealers Automated Quotation National Market System.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Index to Financial Statements

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PAGING NETWORK, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share information)
ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991
Current assets:		
Cash	$ 1,116	$ 1,892
Accounts receivable, less allowance for doubtful accounts	6,353	5,220
Prepaid expenses	3,545	2,821
Total current assets	11,014	9,933
Equipment and leasehold improvements	244,630	227,560
Less accumulated depreciation	68,611	65,002
	176,019	162,558
Net intangible assets	18,710	18,154
	$205,743	$190,645

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current liabilities:		
Accounts payable and accrued expenses	$ 17,197	$ 10,678
Accrued compensation, benefits and related items	249	785
Accrued taxes	1,880	2,077
Accrued interest	8,748	5,958
Customer deposits	8,510	7,844
Deferred revenue	693	696
Total current liabilities	37,277	28,038
Long-term obligations, less current maturities (See Notes 4 & 5)	151,000	146,029
Stockholders' equity (deficit):		
Common Stock: $.01 par, 70,000,000 shares authorized, 33,489,747 and 33,486,215 shares issued and outstanding in 1992 and 1991, respectively	335	335
Paid-in capital	115,833	115,798
Accumulated deficit	(98,702)	(99,555)
Total stockholders' equity (deficit)	17,466	16,578
	$205,743	$190,645

See accompanying notes

PAGING NETWORK, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share information)
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Services, rent and maintenance revenues	$44,209	$32,242
Product sales	9,617	3,055
Cost of products sold	(6,484)	(1,755)
	47,342	33,542
Operating expenses:		
Services, rent and maintenance	7,620	5,736
Selling	6,449	4,599
General and administrative	15,483	11,102
Depreciation and amortization	12,503	9,165
Total operating expenses	42,055	30,602
Operating income	5,287	2,940
Other income (expense):		
Interest expense	(4,440)	(6,796)
Other	6	5
Total other income (expense)	(4,434)	(6,791)
Net income (loss)	$ 853	$(3,851)
Net income (loss) per share	$ 0.03	$ (0.14)

See accompanying notes

PAGING NETWORK, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Cash flows from operating activities:		
Net income (loss)	$ 853	$(3,851)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	12,255	8,964
Amortization of intangible assets	248	201
Accounts receivable loss provision	1,481	1,417
(Increase) decrease in:		
Accounts receivable	(2,614)	825
Prepaid expenses	(724)	(83)
Increase (decrease) in:		
Accounts payable and accrued expenses	6,519	1,157
Accrued compensation, benefits and related items	(536)	(231)
Accrued taxes	(197)	(268)
Accrued interest	2,790	3,581
Customer deposits	666	426
Deferred revenue	(3)	(2)
Total adjustments	19,885	15,987
Net cash provided by operating activities	20,738	12,136
Cash flows from investing activities:		
Additions to equipment and leasehold improvements	(25,716)	(15,310)
Other	(1,053)	(34)
Net cash used in investing activities	(26,769)	(15,344)
Cash flows from financing activities:		
Increase in long-term obligations	4,971	2,500
Repayments of long-term obligations	-	(43)
Proceeds from sale of Common Stock	35	14
Other	249	277
Net cash provided by financing activities	5,255	2,748
Net decrease in cash	(776)	(460)
Cash balance at beginning of period	1,892	1,830
Cash balance at end of period	$ 1,116	$ 1,370

See accompanying notes

PAGING NETWORK, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

Three months ended March 31, 1992 and 1991
(in thousands, except share and per share information)
(Unaudited)

	Common Stock	Paid-in Capital	Accumulated Deficit	Stockholders' Equity (Deficit)
Balance, December 31, 1990	$265	$ -	$(90,202)	$(89,937)
Issuance of 13,957 shares of Common Stock upon exercise of stock options	-	14	-	14
Net loss	-	-	(3,851)	(3,851)
Balance, March 31, 1991	265	14	(94,053)	(93,774)
Balance, December 31, 1991	335	115,798	(99,555)	16,578
Issuance of 3,532 shares of Common Stock upon exercise of stock options	-	35	-	35
Net income	-	-	853	853
Balance, March 31, 1992	$335	$115,833	$(98,702)	$ 17,466

See accompanying notes

PAGING NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 1992
(UNAUDITED)

1. The Company

Paging Network, Inc. (PageNet) was formed on September 2, 1981, for the purpose of acquiring, constructing and operating Radio Common Carriers (RCC) in various locations throughout the United States. PageNet's Common Stock is publicly traded, although one stockholder, The Golder Thoma Fund, currently owns a majority of the shares outstanding.

The consolidated financial statements include the accounts of PageNet and its wholly-owned subsidiaries (the Company). All intercompany transactions have been eliminated.

2. Unaudited Interim Financial Statements

The interim consolidated financial information contained herein is unaudited but, in the opinion of management, includes all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the financial position and results of operations for the periods presented. Results of operations for the periods presented herein are not necessarily indicative of results of operations for the entire year.

3. Supplemental Cash Flow Information

Cash payments made for interest during the three months ended March 31, 1992 and 1991 were approximately $1.4 million and $2.9 million, respectively. There were no income taxes paid for the three months ended March 31, 1992 and 1991.

4. Public Offerings

In the quarter ending March 31, 1992, PageNet filed a registration statement with the Securities and Exchange Commission to offer $200 million aggregate principal amount of Senior Subordinated Notes due 2002. The net proceeds from the sale of the Notes will be used to repay debt under PageNet's revolving Credit Agreement, effectively terminate interest rate swap agreements, and for general corporate purposes.

In a separate registration statement filed with the Securities and Exchange Commission, six million shares of Common Stock are being offered for sale by certain stockholders. This sale will not increase the number of shares outstanding nor will the Company receive proceeds from the sale.

5. Long-Term Obligations

As of March 31, 1992, the Company's indebtedness under the Credit Agreement was $151 million. Thereafter, the Company borrowed an additional $11 million through April 17, 1992, resulting in approximately $103 million currently being available for borrowing under the borrowing base formula. The Company has entered into certain amendments to the Credit Agreement, effective upon the completion of the Senior Subordinated Notes offering and conditioned thereon, pursuant to which the maximum amount available for borrowings under the Credit Agreement will be reduced to the lesser of $200 million or the defined borrowing base, in either case reduced by outstanding letters of credit.

6. Income Tax Provision

No provision for income taxes has been made for the three months ended March 31, 1992 since the Company anticipates a net loss for both financial reporting and income tax purposes and anticipates that no charge or benefit for income taxes will be recorded for the year ending December 31, 1992.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

The following table presents certain items in the Consolidated Statements of Operations as a percentage of revenues from services, rent and maintenance plus product sales less the cost of products sold (Net Revenues) for the three months ended March 31, 1992 and 1991, respectively.

	Three Months Ended March 31,	
	1992	1991
Net Revenues	100.0%	100.0%
Operating expenses:		
Services, rent and maintenance	16.1	17.1
Selling	13.6	13.7
General and administrative	32.7	33.1
Earnings before interest, taxes, depreciation and amortization	37.6	36.1
Depreciation and amortization	26.4	27.3
Operating income	11.2	8.8
Net income (loss)	1.8	(11.5)

Three Months Ended March 31, 1992, Compared to Three Months Ended March 31, 1991

Net Revenues for the three months ended March 31, 1992 increased 41.1% to $47.3 million compared to $33.5 million for the three months ended March 31, 1991. Services, rent and maintenance revenues for the three months ended March 31, 1992 increased 37.1% to $44.2 million, compared to $32.2 million for the three months ended March 31, 1991. The increase was primarily due to continued growth in the number of pagers in service with subscribers of the Company. The number of pagers in service with subscribers at March 31, 1992 was 1,438,983, compared to 945,154 pagers in service with subscribers at March 31, 1991, an increase of 52.2%. Product sales, less cost of products sold, increased from $1.3 million for the three months ended March 31, 1991, to $3.1 million for the three months ended March 31, 1992 and increased as a percentage of Net Revenues from 3.9% for the three months ended March 31, 1991 to 6.6% for the three months ended March 31, 1992. This increase in product sales is attributable to the Company's continued expansion into the third party reseller market.

Services, rent and maintenance expenses increased 32.8% to $7.6 million for the three months ended March 31, 1992, compared to $5.7 million for the three months ended March 31, 1991. As a percentage of Net Revenues, however, services, rent and maintenance expenses decreased from 17.1% to 16.1%, primarily as a result of improved operating efficiencies.

For the three months ended March 31, 1992, selling expenses increased 40.2% to $6.4 million from $4.6 million for the three months ended March 31, 1991. This increase resulted primarily from the addition of sales personnel in virtually all operating markets to support continued growth in both Net Revenues and the number of pagers in service with subscribers. Selling expenses as a percentage of Net Revenues decreased for the three months ended March 31, 1992, as compared to the corresponding period in 1991, from 13.7% to 13.6%.

General and administrative expenses increased 39.5% to $15.5 million (32.7% of Net Revenues) for the three months ended March 31, 1992, compared to $11.1 million (33.1% of Net Revenues) for the three months ended March 31, 1991.

As a result of the above factors, for the three months ended March 31, 1992, earnings before interest, taxes, depreciation and amortization increased 47.0% to $17.8 million (37.6% of Net Revenues) compared to $12.1 million (36.1% of Net Revenues) for the corresponding period in 1991.

Depreciation and amortization expenses increased for the first three months of 1992 from the corresponding period in the prior year by 36.4% from $9.2 million to $12.5 million. The increase in depreciation and amortization expenses was primarily attributable to the increase in the number of pagers owned by the Company.

Operating income increased by 79.8% to $5.3 million for the three months ended March 31, 1992, compared to $2.9 million for the three months ended March 31, 1991.

Interest expense for the three months ended March 31, 1992, decreased $2.4 million over the three months ended March 31, 1991, due to a lower average level of indebtedness outstanding under the Credit Agreement during the first quarter of 1992. Average debt outstanding decreased as the Company applied all net proceeds (approximately $115.7 million) received from its initial public offering to reduce debt.

Liquidity and Capital Resources

The Company's operations and expansion into new markets require substantial capital investment for the development and installation of paging systems and for the procurement of paging equipment. These investments have been funded by net cash provided by operating activities, borrowings, and proceeds from sales of certain assets. Capital expenditures were $25.7 million for the three months ended March 31, 1992 and $15.3 million for the comparable period in 1991. During the first quarter of 1992, the Company announced it is in the process of opening 12 new offices in 8 new markets. The Company's entrance into new markets and continued growth in existing markets will require capital expenditures in excess of expenditures incurred in 1991.

The Company's net cash provided by operating activities was $20.7 million and $12.1 million for the three months ended March 31, 1992 and 1991, respectively. Net increases in borrowings under the Company's Credit Agreement were $5.0 million for the three months ended March 31, 1992 and $2.5 million for the same period in 1991.

As of March 31, 1992, the Company's unused sources of funds consisted of approximately $1.1 million in cash and cash equivalents. In addition, under the current Credit Agreement, which expires in June 1998, and conditioned upon meeting certain financial covenants, the Company can borrow up to the lesser of $265 million or a defined borrowing base, in either case reduced by outstanding letters of credit.

As of March 31, 1992, the Company's indebtedness under the Credit Agreement was $151.0 million. Thereafter, the Company has borrowed an additional $11 million under the Credit Agreement through April 17, 1992, resulting in $103 million currently being available for borrowing under the borrowing base formula. The Company has entered into certain amendments to the Credit Agreement, effective upon the completion of the Senior Subordinated Notes offering and conditioned thereon. pursuant to which the maximum amount available for borrowings under the Credit Agreement will be reduced to the lesser of $200 million or the defined borrowing base, in either case reduced by outstanding letters of credit. Management believes that funds available under the Credit Agreement, plus funds generated from the Company's operations will be sufficient to meet projected capital expenditure requirements.

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes." The Company has not yet adopted the provisions of Statement No. 109, but it is not anticipated to have a significant adverse impact on the Company's financial position.

Inflation is not a material factor affecting the Company's business. Paging system equipment and transmission costs have not increased while pager costs have actually declined significantly over time (approximately 70% since 1984); this has been reflected in lower prices charged to the Company's subscribers. General operating expenses such as salaries, employee benefits and occupancy costs are, however, subject to normal inflationary pressures.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various lawsuits arising in the normal course of business. In management's opinion, the ultimate outcome of these lawsuits will not have a material adverse effect on the Company's financial position.

Item 2. Exhibits

The following exhibit is filed as part of this Quarterly Report on Form 10-Q:

11. Statement regarding computation of earnings per share.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Paging Network, Inc.

Date: April 17, 1992

/s/ George M. Perrin
George M. Perrin,
President and Chief Executive Officer

Date: April 17, 1992

/s/ Terry L. Scott
Terry L. Scott,
Senior Vice President -
Finance and Administration,
Chief Financial Officer,
Treasurer and Assistant Secretary
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description	Sequentially Numbered Page
11	Computation of Earnings Per Share	15

PAGING NETWORK, INC.
COMPUTATION OF EARNINGS (LOSS) PER SHARE
(in thousands, except share and per share information)

	Three Months Ended March 31, 1992	1991
PRIMARY EPS:		
Net income (loss)	$ 853	$ (3,851)
Weighted average shares outstanding	33,487,826	26,484,088
Net shares to be issued upon exercise of dilutive stock options after applying treasury stock method	405,943	- (1)
Options granted or exercised within the twelve months ended August 14, 1991, net of shares assumed to be repurchased after applying the treasury stock method	186,650	186,650
Primary shares	34,080,419	26,670,738
Earnings (loss) per share	$ 0.03	$ (0.14)
FULLY DILUTED EPS:		
Net income (loss)	$ 853	$ (3,851)
Weighted average shares outstanding	33,487,826	26,484,088
Net shares to be issued upon exercise of dilutive stock options after applying treasury stock method	405,943	- (1)
Options granted or exercised within the twelve months ended August 14, 1991, net of shares assumed to be repurchased after applying the treasury stock method	186,650	186,650
Fully diluted shares	34,080,419	26,670,738
Earnings (loss) per share	$ 0.03	$ (0.14)

(1) Antidilutive